

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6749**

**BILL NUMBER:** SB 178

**NOTE PREPARED:** Apr 28, 2003

**BILL AMENDED:** Apr 26, 2003

**SUBJECT:** Insurer Use of Credit Information.

**FIRST AUTHOR:** Sen. Paul

**FIRST SPONSOR:** Rep. Ripley

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (CCR Amended) This bill imposes certain requirements and restrictions concerning the use of credit information in the underwriting of property and casualty insurance. The bill excludes commercial lines of insurance from the requirements and restrictions. It makes a violation of the requirements and restrictions an unfair and deceptive act and practice in the business of insurance.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** The Department of Insurance may spend additional time reviewing insurer scoring models or other scoring processes. It is assumed that this function can be accomplished with current staff and resources.

**Explanation of State Revenues:** This bill makes a violation of the criteria regarding use of credit information an unfair and deceptive act in the business of insurance.

The civil penalties set forth for an unfair and deceptive act are: \$25,000 for each act or violation, or \$50,000 for each act or violation if the person knew or reasonably should have known that he or she was in violation of this chapter. The remediation efforts undertaken by the person will be used in determining the amount of the civil penalty. In addition, if the person knew or reasonably should have known that he or she was in violation of this chapter, the Commissioner may suspend the person's license or certificate of authority. Penalties are to be deposited in the state General Fund.

During 2000 and 2001, there were a total of nine acts of unfair and deceptive acts and practices in the business of insurance. This bill may increase the number of unfair acts each year, however, the number of

cases is not known at this time. Each case of unfair and deceptive act in the business of insurance would result in a fine of between \$25,000 and \$50,000 per occurrence.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance.

**Local Agencies Affected:**

**Information Sources:** Greg Thomas, Chief Deputy Commissioner, Department of Insurance, (317) 232-2406; IC 27-4-1-6.

**Fiscal Analyst:** Michael Molnar, 317-232-9559